

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

ColoEast Bankshares, Inc.

Point of Contact:	Steve Sherlock	RSSD: (For Bank Holding Companies)	2146359
UST Sequence Number:	523	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	10,000,000	FDIC Certificate Number: (For Depository Institutions)	3027
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Lamar
Date Repaid <sup>1</sup> :	N/A	State:	Colorado

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☐ Increase lending or reduce lending less than otherwise would have occurred.

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As in our 2009 report, the principle action we avoided was a greater need of additional capital. We were able to sell approximately \$1.25 million in a new stock offering in 2010 however, it continues to remain difficult in obtaining new capital for a privately held non publicly traded bank. Part is a lack of qualified investors and part is the unknown timing of an economic recovery. CPP funding has helped tremendously bridging this gap.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As noted above, the primary action without CPP capital infusion would have been our reluctance and possible inability to fund to the fullest extent our Loan Loss Reserve covering impaired loans. We are able to meet quarterly funding needs for impaired loans and maintain a reserve commensurate with FASB 5 & 114. We also have been able to maintain capital strength ready to take advantage of less fortunate banks who might fail or otherwise be unable to service their loan portfolios. We would have been unable to bid on these FDIC packages without this infusion of capital. We would also be much less able to meet our community's credit needs without these funds.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

There was most likely only a small chance that Colorado East Bank & Trust would have failed during this recession however our acceptance into the CPP Program has proven to be an excellent move for us. With CPP funding we have ensured continued capital strength with a lesser regard to earnings, the ability to meet existing small business loan needs when requested, address loan losses without hesitation and remain vigilant of economic opportunities that appear regarding potential mergers and future loan growth.